
TOO GOOD TO BE TRUE....

A Column on Consumer Issues

by Attorney General Wayne Stenehjem's
Consumer Protection and Antitrust Division

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Testing Your Financial Literacy – Part 4

There is a wealth of information available to consumers of all ages to help them learn and master the necessary skills to become financially literate. As part of National Consumer Protection Week, we have been testing you on your financial literacy. Here are the final questions on the test.

1. True or False. By using unit pricing at the grocery store, you can easily compare the cost of any brand and any package size.
2. True or False. The recommended gasoline for most cars is regular octane.
3. True or False. All telephone numbers that begin with an "8" are toll-free.
4. In financial transactions, a CD is a:
 - a. Certificate of Debt
 - b. Certificate of Deposit
 - c. Citizens Deposit
 - d. Certificate of Collateral
5. True or False. The "rule of 72" tells you how long it will take to double your money.

Check out the answers to determine how you did.

1. **True.** Unit pricing is a tool for comparing prices. While the package price tells you how much you pay for a food item, the unit price tells you the price of each "unit" in a package. A unit can be an ounce, a pound, a square foot or an individual piece in a package. For example, the unit price shows you the cost of each ounce in a can of soup. The package price just tells you the price of the whole can. Unit pricing helps you compare costs of different brands and various sized without doing arithmetic. But remember, compare only similar items.
2. **True.** In most cases, manufacturers recommend using a regular octane gasoline, and using a higher-octane gasoline than your owner's manual recommends offers absolutely no benefit. Unless your engine is knocking, buying higher-octane gasoline is a waste of money. Premium gas may cost

as much as 15 to 20 cents more a gallon than regular. That can add up to \$100 or more a year in extra costs. Studies indicate that

altogether, drivers may be spending hundreds of millions of dollars each year on higher-octane gas than their cars need.

3. **False.** To date, only numbers that begin with 800, 888, 877 or 866 are free. And even then, there are some exceptions. Companies that provide adult entertainment or information services may charge for calls to 800, 888 and other toll free numbers, but only if they follow the Federal Trade Commission's Pay-Per-Call Rule. In addition, some area codes begin with an "8." For example, the area code 809 serves the Dominican Republic. If you dial this area code, you will be charged international long distance rates.
4. **b.** In financial transactions, a CD is a Certificate of Deposit. A CD in this case, is a type of savings account that earns a fixed interest rate over a specified period of time.
5. **True.** The "Rule of 72" tells you how long it will take to double your money. To use the "Rule of 72," divide 72 by the interest rate you are getting. For example, if you deposit \$3,000 into an account with a 2% interest rate, divide 72 by two. The answer tells you that you will double your money in 36 years at which time you will have \$6,000.

This concludes our series on Testing Your Financial Literacy. How did you do? To find out more information on consumer issues, please visit the Attorney General's website at www.ag.state.nd.us or the Federal Trade Commission site at www.ftc.gov.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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